

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 562 - SB 479**

March 10, 2009

**SUMMARY OF BILL:** Requires the Department of Transportation (TDOT) to set fees for ferry services in an amount sufficient to generate funds to fully pay the cost of operation, equipment, and maintenance of such ferry.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue – \$17,500/Highway Fund**

**Decrease State Expenditures - \$500,000/Highway Fund**


Assumptions:

- The bill requires ferry rates to be set in amounts sufficient to offset operational expenditures.
- TDOT operates two ferry services. One location crosses the Tennessee River between Benton and Houston Counties. The other location crosses the Cumberland River in Stewart County at State Route 46.
- The annual operational expenditures for the Tennessee River service location are approximately \$500,000 and 6,200 vehicles use the ferry each year. To offset expenditures, each of the 6,200 vehicles would be required to pay approximately \$80.61.
- It can reasonably be anticipated that riders will not pay ferry service fees in excess of \$80. As a result, ridership and revenue could fall to zero and it is assumed that TDOT would discontinue service at this location. Therefore, there will be a decrease in state expenditures of \$500,000 due to discontinuing service at this location and a decrease in state revenues of \$6,122 due to no longer collecting fees from current passengers.
- The annual operational expenditures for the Cumberland River ferry service are approximately \$511,000 per year and approximately 28,500 vehicles use the ferry each year. Tenn. Code Ann. § 54-11-308(d) limits the rate that can be charged to residents of Stewart, Montgomery and Houston Counties to \$0.75. Approximately 80% of the vehicles using this service are from these counties. The rate that would be charged to residents of other counties to offset the operational costs of this ferry would be approximately \$86.63.

- It can reasonably be anticipated that riders will not pay ferry service fees in excess of \$80. As a result, ridership and revenue at the Cumberland River location will be restricted to residents of Stewart, Montgomery and Houston Counties. It is estimated that individuals from these counties pay a total of \$17,100 in ferry fees annually. Total annual revenue for this ferry location is approximately \$28,428. Therefore, there will be a decrease in state revenue of approximately \$11,328 (\$28,428 - \$17,100).
- Tenn. Code Ann. § 54-11-308(c) allows TDOT to close the Tennessee River ferry service but would require TDOT to continue operation of the Cumberland River ferry service.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/cce